



Maryland
Hospital Association

Maryland Department of Health Medical Care Programs Administration (Budget)

Position: *Support*

Summary

Governor Hogan's fiscal year 2020 budget includes a \$40 million reduction in the Medicaid hospital tax, a tax that raises costs for consumers and patients, and artificially raises the cost of care throughout Maryland.

MHA Position

Under Maryland's new Total Cost of Care agreement with the federal government, Maryland's hospitals are working to lower costs and improve population health. In addition to treating illness and injury, hospitals are reaching out beyond their four walls to keep people well and improve the health of the communities they serve. The result: hospitals are taking care of the whole person, empowering patients and families, coordinating care among different providers, and addressing social factors, such as the behavioral health epidemic, that influence people's health.

This important work requires the support and participation of not only hospitals, but also other providers, nursing homes, pharmacies, local organizations, and most especially the state government. Maryland's hospitals therefore support the FY 2020 Medicaid budget and appreciate that Governor Hogan has included in that budget the important \$40 million reduction of the Medicaid Deficit Assessment. During last year's session, the General Assembly increased the reduction to \$30 million for FY 2019; we appreciate the continued support of the budget committees to address this problem.

The tax, passed in 2009 as a temporary measure to shore up a deficit in the state's Medicaid program, was just \$19 million that first year, but ballooned to \$390 million in fiscal year 2016 before a reduction took effect. Reducing the tax yields multiple benefits for individual Marylanders and for the state. First, it lessens a financial burden on hospital patients, because the tax adds approximately two percent to every hospital bill in Maryland. Additionally, the tax artificially inflates Maryland's health care spending, which puts additional pressure on the state's ability to meet the cost-saving requirements of the Total Cost of Care agreement with the federal government

This is a tax on hospital care, not on hospitals: Reducing and eventually eliminating the tax in no way financial benefits hospitals; rather it is a true and direct reduction in health care costs in Maryland. Continuing to reduce the tax is key to demonstrating to the federal government Maryland's determination to reduce health care costs and meet the requirements of the Total Cost of Care agreement.

We therefore urge you to protect Governor Hogan's \$40 million reduction in the Medicaid Deficit Assessment in the final Medicaid budget for fiscal year 2020.